

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Federal-State Joint Board on)	
Universal Service Seeks Comment)	
On Review of the Definition of)	
Universal Service)	FCC 01-J-1

COMMENTS OF GVNW CONSULTING, INC.

GVNW Consulting, Inc. (GVNW) respectfully submits these comments in response to the Federal-State Joint Board on Universal Service's (Joint Board) Public Notice released August 21, 2001. In this Public Notice, the Joint Board seeks comment on its review of the definition of universal service.

GVNW is a management-consulting firm, which provides a wide variety of consulting services to independent telephone companies. These independent local exchange carriers provide universal service to rural subscribers, and are accordingly an interested party in any redefinition of universal service. We appreciate the opportunity the Joint Board has provided via the Public Notice to offer comments on these important issues impacting subscribers in rural America.

UNIVERSAL SERVICE POLICY SHOULD PROMOTE INFRASTRUCTURE THAT
WILL SUPPORT ADVANCED SERVICES **CAPABILITY**

In 1997, the Commission designated various “core” services deemed eligible for federal universal service support: single-party service, voice grade access to the public switched network; Dual Tone Multifrequency signaling or its functional equivalent; access to emergency services; access to operator services; access to interexchange service; access to directory assistance; and toll limitation services for qualifying low-income consumers.

Section 254 (c) (1) states in part that “Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services.”

One of the key topics of debate in this current proceeding is the issue of advanced services. We concur, at least in part, with the Commission’s statement in paragraph 199 of the Rural Task Force Order released May 23, 2001 (FCC 01-157):

“We agree with the Rural Task Force that our universal service policies should not inadvertently create barriers to the provision of access to advanced services, and believe that our current universal service system does not create such barriers.”

The Commission provided further clarification of its position within footnote 460 of the same RTF Order. The Commission noted that, contrary to the RTF’s suggestion, that “inclusion of a service on the list of supported services under Section 254(c) generally means that universal service mechanisms support **access** to the service, rather than ‘the actual provision’ of the service.” [emphasis in the original]. In this footnote, the

Commission references its *First Report and Order* [12 FCC Rcd at 8817 para. 74]: “we support the telecommunications network components necessary for access . . . , but not the underlying services themselves”.

We believe that many carriers are making significant progress, under the current Part 36, 54, and 69 rules, in deploying an advanced services capable infrastructure to the customers in rural America. However, the work in this regard is far from complete. We believe one of the more promising suggestions with regard to how to address the rest of the task was offered in a recent statement by Commission Chairman Powell.

In his October 25, 2001 luncheon address to the National Association of Regulatory Utility Commissioners’ National Summit on Broadband Deployment, Chairman Powell mentioned targeted incentives such as permitting carriers to more quickly depreciate investment in broadband infrastructure “could be a fruitful area for consideration.” We believe enlightened capital recovery policies may be a crucial component of achieving the Section 706 mandate to “encourage deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans.”

THE FOUR CRITERIA FOR INCLUDING A SERVICE WITHIN THE DEFINITION OF UNIVERSAL SERVICE DICTATE LITTLE, IF ANY, CHANGE TO THE PRESENT DEFINITION

In order for any telecommunications service to be added to the list of supported services, the service must meet the four criteria specified at Section 254(c) of the 1996 Telecommunications Act. The four criteria that are found at Section 254 (c) (1) include:

(A) are essential to education, public health, or public safety;

(B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential subscribers;

(C) are being deployed in public telecommunications networks by telecommunications carriers; and

(D) are consistent with the public interest, convenience, and necessity.

With the possible exception of equal access to interexchange services, we do not find any new service **offerings** that meet each of the four criteria from Section 254 shown above. Broadband service offerings do not meet the criteria of subscription by a substantial majority of residential customers.

In the interest of public safety, it is a reasonable public policy objective to require “soft dial tone” or “warm line” services be included within the list of core services.

These services enable an otherwise disconnected line to be used to contact emergency services (911) and the local exchange carrier’s central business office.

DUE TO PUBLIC SAFETY CONCERNS, ATTENTION SHOULD BE FOCUSED TO THE DISPARATE TREATMENT OF ETC’S REGARDING THE PROVISION OF THE CURRENT LIST OF DEFINED SERVICES

Public safety and national security issues are, or at least should be, technologically neutral.

In areas with multiple eligible telecommunications carriers (ETCs), there is currently disparate treatment with respect to certain of the defined universal services.

For example, attention has recently been focused on the fact that certain wireless providers have been granted extensions of time to deploy Phase II enhanced “911” services. This debate prompted at least one “Dear Colleague” letter in Congress that

stated in part: “An essential part of our public safety communications system is the location technology offered by E911. We cannot delay in making this a reality for everyone using a cell phone.”

This disparity is exacerbated by the fact that wireline carriers must charge customers subscriber line charges (e.g., \$5.00 per month as of January 1, 2002), while wireless carriers do not have such an obligation. The designation of carriers as eligible carriers, and the corresponding suite of services an ETC is obligated to provide, is a crucial issue in this debate on the definition of universal service. Any expansion of the list of services, as well as expansion of those eligible to draw from such support funds, will have an impact on the level of total funding required. Policy makers need to keep a sharp focus on the primary objective of our national universal service programs – providing access at reasonable and comparable rates. Care must be exercised so as not to harm the viability of this set of funding mechanisms that has enabled substantial progress towards the policy mandates of Section 254 to be realized, at least at present, in rural America.

Conclusion

We applaud the Joint Board for seeking comments as it reexamines the definition of services that will be supported by federal universal service mechanisms.

Respectfully submitted,
- electronically filed -
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